

Buyers turn to Kajang as KL home prices rise

Highways and proposed MRT help improve accessibility to the area

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THE past couple of years, in tandem with the rise in property prices in major towns and cities in the country, Kajang's property market has generated quite a bit of interest among both developers and house buyers.

Located about 20km from the city of Kuala Lumpur, Kajang is benefiting from its second-tier location status as Kuala Lumpur and Petaling Jaya prices move beyond the affordability of ordinary salaried workers.

Two property negotiators based in the area say much of the interest of late is due to improved accessibility with the various highways that have been completed, and not so much because of the soon-to-materialise MyRapid Transit system (MRT).

Says one of them who declined to be named: "The spike in prices in Cheras properties has resulted in people from Cheras buying into Kajang as housing is cheaper over there. Unless it is very old and run-down, it is not possible to buy into Cheras with RM500,000 and below," she says.

The other factor is schooling. Yu Hua Kajang, which offers both Chinese primary and secondary schooling, will only consider applications from a Kajang address, she says.

"Saujana Impian and Prima Saujana, by virtue of their proximity to Cheras, enjoy good demand, with Saujana Impian having more tenants than owner occupiers."

She adds that projects in that vicinity by the Naza TTDI group have received good response from buyers and investors. As for Kajang-based developers MKH and private developer TLS Group, she says the Kajang and

Cheras population are familiar with both.

She says the issue is not so much a lack of housing, but the scarcity of bread-and-butter double-storey housing.

"Developers, in their search of higher profits, are building three-storeys housing, semi-detached and bungalows in Kajang. What people really want are double-storey terraced housing," she says.

Because of the challenges in getting land in and around Kuala Lumpur, developers are also scouring other towns and Kajang seems to be within their radar.

Three developers who have bought land in or close to Kajang include Mah Sing Group Bhd, SP Setia Bhd and the Dijaya Corp Bhd. The Sunway group has moved into that location several years earlier. These newcomers will be competing with developers who have built a strong following over the years.

Says MKH group managing director Datuk Eddy Chen Lok Loi: "We have no trouble competing with anybody. We are doing everything that other developers are doing."

Chen says that at the marketing level, the mid-sized developer, formerly known as Metro Kajang Holdings Bhd, has a strong reputation there, having built 30,000 units ranging from residential to commercial properties over the years.

Financially, having accumulated land at between RM8 and RM9 per sq ft would put it at a great advantage compared to newcomers who have paid considerably more. In areas like Semenyih, some of its land bank was acquired at less than RM5 per sq ft.

"I believe MKH is about to make a huge leap forward. Our strategic land bank, which we bought at a very good price when compared with newer players, and the emergence

of MRT will give us a strong advantage over our competitors."

The third factor is the RM135mil turnkey project comprising about 550 acres in Puncak Alam, Selangor, with Puncak Alam Resources Sdn Bhd, he adds.

Over the next seven years, MKH plans to build projects with an estimated gross development value (GDV) of more than RM5bil.

As a result of the Sg Buloh-Kajang MyRapid Transit line, MKH is tweaking its plans for some of its commercial projects. The 51km Sg Buloh-Kajang line will have two stations in Kajang. One of them will be sited at the town centre, about 500 metres from the police station, which is next to MKH City.

The second MRT station will be located along Jalan Reko at the Sekolah Menengah Kebangsaan Jalan Bukit.

MRT will provide additional public rail transport to the current Keretapi Tanah Melayu (KTM) line. There is also a proposal to have a KTM station next to Kajang 2, another MKH project.

Improved rail transport, says Chen, will benefit the company's new developments like MKH City, MKH Boulevard and Kajang 2. It will also give a boost to its older projects - Plaza Metro Kajang and Metro Point.

Chen says the value of Plaza Metro Kajang will be enhanced considerably as the station will be about 400 metres from it. The company is also considering building a walkway to connect to it.

"We had wanted to build a small complex on one of the new sites with a gross area of about one million sq ft. With the MRT line entering Kajang town, we are now considering doubling that to two million sq ft because the MRT line will take care of parking issues,"



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The line will pass close to MKH's new and existing properties - MKH City, MKH Boulevard and Kajang 2.

Chen says the company has between 500 and 600 acres of land, with the bulk of them in Kajang and Semenyih, excluding its 550-acre turnkey development in Puncak Alam, Selangor. Semenyih is about 10km from Kajang.

Besides its base in Kajang, MKH also has projects in Petaling Jaya, Old Klang Road and Kuala Lumpur.

On affordable housing, the current buzzword in the property industry, Chen says its projects in Semenyih are priced at between RM300,000 and RM400,000, which is today categorised as affordable. Kajang double-storey housing, by comparison, are now priced about RM500,000.

MKH's nine-month earnings for financial year 2012 has risen 124% year-on-year to RM47mil, driven mainly by successful key projects in Kajang, Semenyih and Bangsar. A HwangDBS Research report says the three locations collectively achieved a commendable 77% take-up rate.